



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/834,171	04/12/2001	Seth I. Merrin	22172-05507	2698

7590 03/15/2005

STROOCK & STROOCK & LAVAN LLP  
180 MAIDEN LANE  
NEW YORK, NY 10038

EXAMINER
----------

KYLE, CHARLES R

ART UNIT	PAPER NUMBER
----------	--------------

3624

DATE MAILED: 03/15/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/834,171

Applicant(s)

MERRIN ET AL.

Examiner

Charles R Kyle

Art Unit

3624

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 21 December 2004.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-47 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-47 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 4) ☒ Interview Summary (PTO-413)  
Paper No(s)/Mail Date 3/6/05.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

## **DETAILED ACTION**

### ***Examiners Note***

The Examiner has considered the claims presented in light of the interview of March 1, 2005 and the Declarations submitted December 14, 2004. The interview and Declarations were useful in further clarification of the claimed invention and in identifying prior art relevant to the prosecution of the application.

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

**Claim 8** is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "a filtering module for filtering the orders for securities provided to the ETM, wherein filtered orders are not sent to the ETM". It is unclear how orders could be provided to the ETM, but not sent.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Art Unit: 3624

**Claims 1, 3-5, 8-9, 12-13, 16-23, 27-28, 31-39 and 42-46** are rejected under 35 U.S.C.

103(a) as being unpatentable over US 6,112,189 *Rickard et al* in view of US 5,924,082

*Silverman et a*, hereinafter *Silverman2*.

**With respect to Claim 1**, *Rickard* discloses the invention substantially as claimed, including in a system for facilitating electronic securities trading (Col. 18, line 60 to Col. 21, line 67), elements of:

an electronic trading marketplace (ETM) for receiving indications to trade securities and for facilitating trading of the securities (Fig. 11, eles. A<sub>1</sub>-A<sub>n</sub>; Fig. 11, eles, 146-148; Col. 19, lines 5-17; Col. 19, lines 45-49; see also the linked trader of Figs. 11 and 31) ; and

an interfacing module (Fig. 31, ele. 313 and related text) interfacing with an order management system (OMS) database and in communication with the ETM (Fig. 31, ele. 314 and related text) for reading data records in the OMS database reflecting orders for securities (Col. 21, lines 5-13) and for automatically executing trades of securities derived from the data records in the OMS database reflecting orders for securities to the ETM (Col. 20, line 67 to Col. 21, line 4).

In the interpretation of the phrase “for reading data records in the OMS database reflecting orders for securities,” it is understood that data records *reflecting* orders are not necessarily orders themselves. For this reason, the “information from the traders regarding the degrees of satisfaction of the traders to take either position in the different securities” disclosed by *Rickard* at Col. 21, lines 5-8 is interpreted as data records in the OMS database reflecting

Art Unit: 3624

orders for securities. Further, the phrasing is so broad as to encompass essentially any well-known and essential order parameters such as price, quantity and type of order.

Applicants argue that the nexus of the invention is the capacity to provide non-binding indications to trade securities. *Rickard* does not specifically disclose this limitation although it is specifically drawn to "automated" negotiations for securities trades. See Summary of the Invention. *Silverman2* discloses provision of non-binding indications to trade based on data reflective of trader criteria at Summary of the Invention, Fig. 2 and Col. 7, line 1 to Col. 10, line 58. See particularly Col. 7, line 35 to Col. 8, line 8.

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* to include the non-binding indications of *Silverman2* because this would provide discretion of negotiating within an automated trading system. This benefit is specifically disclosed by *Silverman2* at Col. 2, lines 17-30 and is quoted as follows:

Third, in the known automated trading systems, once a trader has entered a bid or offer, the trader no longer has the discretion of negotiating the entered terms of the bid or offer. The system automatically executes trades when compatible offers and/or bids are found. In some systems, a trader may enter a "soft" offer or bid, wherein the trader retains the discretion to either execute or not execute the trade. However, the terms of such a soft offer or bid define the objective criteria that must be satisfied to create a firm offer or bid. The known systems provide no means by which a trader can input a mere "expression of interest" in a particular transaction wherein the trader need not provide predefined objective criteria which would make the expression of interest firm.

*Silverman2* discloses that its invention provides the benefit of "expressions of interest" at Col. 3, lines 56-60:

It is a further objective of the present invention to provide a negotiated trading system which enables users to enter expressions of interest with respect to a type of transaction, wherein the user need not provide defined or objective criteria necessary to complete the transaction.

Note that *Silverman2* accommodates automated execution as well as “expressions of interest,” showing compatibility of *Rickard* and *Silverman2*. See *Silverman2* at Col. 5, lines 16-21.

**As to Claim 3**, *Rickard* discloses a negotiation module for supporting negotiation and trading by traders using the OMS at Abstract, Col. 7, lines 25-57 and Fig. 13.

**Concerning Claim 4**, *Rickard* discloses anonymous negotiation at Col. 1, lines 10-14.

**Regarding Claim 5**, *Rickard* does not specifically disclose trader authentication. Official Notice is taken that it was old and well known at the time of the invention to authenticate traders trading on automated trading systems. For example, authentication consisting of presenting a user id and password was in nearly universal use. It would have been obvious to one of ordinary skill in the art at the time of the invention to include trader authentication in the system of *Rickard* because this would assure that only persons authorized to access the system were allowed to do so.

**With respect to Claim 8**, processor 313 of *Rickard* inherently filters orders to an ETM, thus not sending some, by executing only those orders in the OMS database having characteristics which result in a “match”.

**With respect to Claim 9**, see the discussion of Claim 1; *Rickard* further discloses an OMS database interaction module as processor 313 of Fig. 31.

**With respect to Claim 12**, see the discussion of Claims 9 and 8.

**With respect to Claim 13**, *Rickard* discloses consideration of price and quantity at Summary of the Invention.

**With respect to Claim 16**, see the discussion of Claims 1 and 3.

**Concerning Claim 17**, as to the provision of plural OMSs, see the discussion of Claim 44 regarding plural functional elements.

**With respect to Claim 18**, *Rickard* discloses plural EIMs at Fig. 14, eles. 146-148 and related text.

**With respect to Claim 19**, see the discussion of Claims 18 and 8 above.

**With respect to Claim 20**, see the discussion of Claims 16 and 4 above.

**With respect to Claim 21**, see the discussion of Claims 16 and 5 above.

**With respect to Claim 22**, see the discussion of Claims 16 and 3 above.

**With respect to Claim 23**, see the discussion of Claim 1 above.

**With respect to Claim 27**, see the discussions of Claims 8 and 23 above.

**With respect to Claim 28**, see the discussion of Claims 27 and 13 above.

**As to Claims 31-37**, they are the computer-readable medium form of Claims 9-15 and are rejected in a like manner.

**Concerning Claim 38**, se the discussion of Claims 23 and 1.

**With respect to Claims 39**, see the discussion of Claim 23 and Claim 24.

**Concerning Claim 42**, se the discussion of Claims 23 and 13.

**With respect to Claim 43**, see the discussion of Claims 44 and 1.

**With respect to Claim 44**, see the discussion of Claim 1. *Rickard* further discloses a need for liquidity at Col. 2, lines 1-21and discloses that its invention provides such liquidity at Figs. 22 and 24-29 and Col. 8, line 66 to Col. 9, line 38. As to the recitation of first and second OMSs and trading firms, it would have been obvious to one of ordinary skill in the art at the time

Art Unit: 3624

of the invention to provide plural functional elements (firms having OMSs) in a system for trading functions since it has been held that duplicating a part for a multiple effect is obvious. *In re Harza*, 274 F.2d 669, 671, 124 USPQ 378, 380 (CCPA 1960). Also note the disclosure of plural trader workstations (OMSs) of Figures 11 and 14 of *Rickard*.

**With respect to Claim 45**, *Rickard* discloses the invention substantially as claimed, including in a method of facilitating security transactions on multiple markets (Col. 19, lines 5-17) using an order management system in which a trading firm records information regarding orders for securities (Col. 18, line 60 to Col. 2, line 67), steps of:

creating records reflecting orders for securities in an order management system (OMS) database (Col. 21, lines 5-13);

initiating transmission of a binding order to a first marketplace of binding orders, the order based on a record in the OMS database (Col. 20, line 41 to Col. 21, line 13);

providing an interfacing module to read multiple records in the OMS database and derive trades from the multiple records reflecting orders in the OMS database (Fig. 1, ele. 313 and related text; Col. 21, lines 5-13).

*Rickard* does not specifically disclose non-binding indications to trade securities, although it is specifically drawn to “automated” negotiations for securities trades. See Summary of the Invention. *Silverman2* discloses provision of non-binding indications to trade based on data reflective of trader criteria at Summary of the Invention, Fig. 2 and Col. 7, line 1 to Col. 10, line 58. See particularly Col. 7, line 35 to Col. 8, line 8.



Art Unit: 3624

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* to include the non-binding indications of *Silverman2* because this would provide discretion of negotiating within an automated trading system. This benefit is specifically disclosed by *Silverman2* at Col. 2, lines 17-30 and is quoted as follows:

Third, in the known automated trading systems, once a trader has entered a bid or offer, the trader no longer has the discretion of negotiating the entered terms of the bid or offer. The system automatically executes trades when compatible offers and/or bids are found. In some systems, a trader may enter a "soft" offer or bid, wherein the trader retains the discretion to either execute or not execute the trade. However, the terms of such a soft offer or bid define the objective criteria that must be satisfied to create a firm offer or bid. The known systems provide no means by which a trader can input a mere "expression of interest" in a particular transaction wherein the trader need not provide predefined objective criteria which would make the expression of interest firm.

*Silverman2* discloses that its invention provides the benefit of "expressions of interest" at Col. 3, lines 56-60:

It is a further objective of the present invention to provide a negotiated trading system which enables users to enter expressions of interest with respect to a type of transaction, wherein the user need not provide defined or objective criteria necessary to complete the transaction.

Note that *Silverman2* accommodates automated execution as well as "expressions of interest," showing compatibility of *Rickard* and *Silverman2*. See *Silverman2* at Col. 5, lines 16-21.

It would further have been obvious to provide the resulting non-binding indications to the additional markets disclosed by *Rickard* because this would provide a composite market for potential traders.

**With respect to Claim 46**, see the discussion of Claim 45. Although *Rickard* discloses plural markets as noted above and discloses automatic placement of orders for trades, it does not disclose automatic placement of non-binding indications from records reflecting orders for

Art Unit: 3624

securities. As noted above *Silverman2* discloses this limitation. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* to include the non-binding indications of *Silverman2* because this would provide discretion of negotiating within an automated trading system.

Further, Official Notice is taken that the newly claimed manual initiation of transmission of a binding order was old and well known at the time of the invention. For example, this was known on trading exchange floors. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* to include such manual processing because this would open up trading using the claimed method to traditional manual traders.

Additionally, even absent the teachings of automation by the references, Applicants should note that the recitation of an automatic or computer-related means for accomplishing a previously known function cannot add patentability. It is well settled that it is not "invention" to broadly provide a mechanical or automatic means to replace manual activity which has accomplished the same result. See *In re Venner*, CCPA, 120 USPQ 192.

**Claims 2, 10, 14-15, 24, 29-30 and 47** are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,112,189 *Rickard et al* in view of US 5,924,082 *Silverman et al*, hereinafter *Silverman2* and further in view of US 2003/0050888 *Satow et al*.

**With respect to Claim 2**, *Rickard* discloses the invention substantially as claimed. See the discussion of Claim 1. *Rickard* does not specifically disclose updating of an OMS database responsive to execution information from a marketplace. *Satow* discloses this limitation at para.

Art Unit: 3624

42. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* with the OMS database updating of *Satow* because this would maintain up-to-date records in the OMS database.

**With respect to Claims 10 and 14-15**, see the discussion of Claim 2; Claims 10 and 14-15 further recite obvious functionalities of updating and synchronizing order data in the OMS and ETM. For example, Claim 10 effectively claims that when a trade occurs at the ETM, the OMS is made aware of the executed trade via an OMS database interaction module. This would be obvious to let the OMS know to eliminate suitable data records reflecting the executed order.

Claim 14 effectively claims the reverse. In this instance, OMS data reflecting a changed OMS status is examined to determine a need to update information for the ETM. This would be obvious to present data reflecting new orders to the ETM and keep the system updated. Claim 15 likewise recites similar database synchronization elements.

**With respect to Claim 24**, see the discussion of Claims 23 and 10.

**With respect to Claim 29**, see the discussion of Claim 23 and 14 above.

**With respect to Claim 30**, see the discussion of Claims 29 and 15 above.

**With respect to Claim 47**, see the discussion of Claims 45, and 10 and 14.

**Claims 6-7, 11, 25-26 and 40-41** are rejected under 35 U.S.C. 103(a) as being unpatentable over US 6,112,189 *Rickard et al* in view of US 5,924,082 *Silverman et al*, hereinafter *Silverman2* and further in view of US 6,505,175 *Silverman et al*, already of record.

Art Unit: 3624

**With respect to Claim 6,** *Rickard* discloses the invention substantially as claimed. See the discussion of Claim 1. *Rickard* does not specifically disclose a transaction history module. *Silverman* discloses this limitation at Cols. 11-12, "Execution Entry" state and Col. 10, lines 55-67. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* with the transaction history disclosed by *Silverman* because this would provide a record of security transactions for uses such as audit.

**With respect to Claim 7,** *Rickard* discloses the invention substantially as claimed. See the discussion of Claim 1. *Rickard* does not specifically disclose format conversion between trading system elements. *Silverman* discloses this limitation at Col. 5, lines 38-49. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Rickard* to include such conversion because this would allow trading system elements using different native data formats to communicate with one another.

**With respect to Claim 11,** see the discussion of Claims 9 and 7.

**With respect to Claims 25 and 26,** see the discussion of Claims 23 and 7 above.

**With respect to Claims 40 and 41,** see the discussion of Claims 23 and 7 above.

### ***Response to Arguments***

Applicant's arguments with respect to the claims have been considered but are moot in view of the new ground(s) of rejection.

***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US 6,421,653      *May* for its disclosure of plural trader OMSs; see Figs. 1 and 3 and related text.

US 2002/0052824      *Mahanti et al* for its teachings of database synchronization in electronic trading which includes negotiation; see paras. 34, 46, 145-146.

Davis J, Business 2.0, Big Storm Rising, 9/1/1998.

Svaidi, Denver Business Journal, Wall Street Turns to Durango for Help, 2/2/1998.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent A Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Art Unit: 3624

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk  
March 6, 2005

Examiner Charles Kyle

A handwritten signature in cursive script that reads "Charles Kyle". The signature is written in dark ink and is positioned below the printed name "Examiner Charles Kyle".